



[the *compass*]

summer 2011

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A Parallel Game

by Bill Smith, CFP®

It's early June as I write and as an avid golf fan, I'm sure we're all focused on the second major of the golf season: our national championship, the U.S. Open. I'm expecting my beloved Retief Goosen to claim his third U.S. Open title at Congressional Country Club next week. If he'd read this article in 2005 at Pinehurst, maybe we'd be talking about his fourth major, or more!

Several years ago, a client of ours recommended Jim McLean's golf school at the Doral Resort in Miami. A frustrated student of the game, I followed his advice last year and headed south in pursuit of better scores.

During my time at Jim's school, I picked up two putting tips from an instructor named Bobby Cole. Bobby, a PGA tour winner from Johannesburg, South Africa with an impressive resume and silky smooth swing at age 61, held the record for the youngest golfer to make the cut at the Masters (age 18) for 43 years until 2010, when 16-year-old Italian Matteo Manessero assumed the spot.

Bobby, a wellspring of one-liners, approached me after a particularly tough segment on buried lies in bunkers and delivered, "Bill, success comes before work, only in the dictionary."

Bobby recommended on longer putts, actually all putts, to pick an intermediate target, say a foot from your ball. Turned out my putting stroke was sound, but my aim was off. Second, particularly on short putts, he noticed I peeked to see the track of the ball. He said, "make the best stroke you can... your looking won't help things at all. Trust your stroke."

Which brings me to the rest of the story for our non-golfer readers...In my twenty years working with clients on financial matters, I believe there's no better advice than Bobby's: pick a target, oftentimes an intermediate target, and trust the process. Advising our clients at Trust Company, we encourage setting goals and priorities against which we can measure our progress. The question, "how'd we do?" is best asked in context. A good stroke with bad aim doesn't make it into the



NOTABLE QUOTE

"Sometimes the questions are complicated and the answers are simple."
– Dr. Seuss

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Unbroken, But Dying

by Chris Sutherland, CPA

“**T**hat which does not kill us makes us stronger.” This well-known quote by Friedrich Nietzsche comes to mind when I think of Louis Zamperini and countless other World War II veterans. Laura Hillenbrand’s book, *Unbroken*, is an exceptional account of Mr. Zamperini’s life and trials.

Louis grew up in Torrance, California, the son of Italian immigrants. He spoke very little English upon his arrival in California. Trouble found him quickly. If he wasn’t picking a fight or breaking into a local business, he was running from the law. It was a police officer who first suggested Louis use his feet for something productive. His older brother, Pete, helped focus his energy toward track. It didn’t take Louis long to make his mark. In 1934 he set a world high school record in the mile, clocking in at 4:21.3.

After graduating from high school, Louis set his sights on the 1936 Berlin Games, but the mile was not an Olympic event. The closest distance was 1500 meters, a race dominated by more experienced runners who peaked in their mid to late twenties. At the age of nineteen, Louis was not ready to compete at that distance. He decided to give 5,000 meters a try. He made the U.S. 5,000 meter team and went on to place eighth in the Olympics, the top U.S. runner. It was a remarkable accomplishment considering Louis’ first race at that distance was only a few months earlier and he was the youngest distance runner to ever make the U.S. team!

After the Olympics, Louis enrolled at the University of Southern California and continued to shatter track records. Few doubted he had the ability to break the four-minute mile. But in the spring of 1941, with war raging in Europe, Louis quit running and joined the U.S. Army Air Corps.

After several combat missions as a B-24 Bombardier, Louis and crew crashed on a reconnaissance assignment in the Pacific. Along with his pilot, Russell Phillips, he survived 47 days at sea in a life raft barely big enough for the two of them. Dehydration, starvation, shark attacks and Japanese fighters all dealt blows to the pair, but they survived. They drifted 2,000 miles before they eventually found land. Unfortunately, the island they thought might save them was occupied by the Japanese Navy. The next phase of Louis’ nightmare was just beginning.

For more than two years Louis remained imprisoned in Japanese POW camps, enduring illness, starvation, slave labor and torture. One particular Japanese prison guard was unrelenting with his attacks. He was determined to break Louis, both physically and mentally. He failed, and Louis and thousands of other POWs were liberated in the fall of 1945. The Japanese prison camps were barbaric; in Japan, almost one in three American POWs died compared to one in a hundred in Europe.

Author Laura Hillenbrand does a great job telling Zamperini’s story. At times it reads like fiction; parts of Louis’ odyssey are almost unbelievable. She interviewed Zamperini 75 times over 8 years to capture his story. She first encountered his incredible tale of survival while researching her first book, *Seabiscuit: An American Legend*.

Louis Zamperini’s story is only one of thousands. Unfortunately, time is running out to capture the untold stories of countless other veterans. Some sources estimate almost 1,000 World War II veterans die each day. That means a group that once totaled 16 million could be gone in a few years. The Greatest Generation is dying.

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A Reason for Optimism

by Mike Palmer, CFP®

Many investors think their investment success must come at the expense of someone else's misfortune. But if there is a prevailing truism of capitalism, it is that we don't need a larger slice of the pie, we just need a bigger pie.

Despite lots of talk about 2000-2009 being the "lost decade" in the U.S. stock market (we would note a broadly diversified equity portfolio would have gained roughly 5% annualized during that period), the world economy actually doubled, from \$32 trillion to roughly \$62 trillion during that period according to the IMF. The forecast is for a five-fold increase in world economic output by 2030.

Economic freedom, i.e. capitalism, is taking hold in two of the world's most populous countries (China and India) and it is hard to see that trend reversing. Across the globe (most recently in the Middle East) people are yearning for economic opportunity. The dislocation caused by political and economic change will almost certainly include periods of uncertainty, but it is hard to ignore the trend toward opportunity and economic liberty. Warren Buffett has often said he was doubly blessed to be

born with an intellect that oriented toward business, but also born in a country where he was able to maximize his intellectual gift. The next Warren Buffet may well be a four-year-old in Bangalore!

According to the World Bank, the percentage of the world's population living below the poverty line has decreased from 57% in 1980 to 40% in 2005. We would expect this trend to continue, especially as China and India (historically home to nearly three quarters of the world's impoverished) continue to adopt more capitalistic economic reforms. I read recently that the test for how a country is doing is simply to open the gates and see if more people are coming in than are going out. Attractive countries possess a) stable political systems that acknowledge individual liberty and the rule of law, b) competitive creativity and opportunity and c) freely functioning capital markets.

It is only human nature to give in to the gloom and doom that too often permeates the 24 hour news cycle. If you find your optimism running low perhaps this perspective will help you refocus on the long-term.

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Do you still have parents or grandparents living who are a part of the Greatest Generation? Talk to them. Listen to their story. My wife's grandfathers both fought in the war. One, James G. Still, landed at Normandy a few days after D-Day and fought through France.

Her other grandfather, a B-26 pilot, was shot down over the Netherlands and captured by the Germans in

October 1942. William J. Billig was a POW for 2 ½ years (939 days). He spent most of those days at Stalag Luft III, the site of the "Great Escape". He was a member of the Escape Committee and helped forge papers for escapees.

Both of these men, along with Louis Zamperini and thousands of others, are American Heroes. Their sacrifices should never be forgotten.

Behind the Scenes at Trust Company of the South

- >> **Will McPherson** recently celebrated ten years of service with Trust Company of the South. Congratulations Will!
- >> **John Slayton** has been named a tenured Adjunct Professor of Finance at Elon University.

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post round recap. Your financial security improves by establishing goals:

- >> How much do I need at my retirement age to support a planned standard of living?
- >> Are my assets structured in such a way that I have a chance to achieve this goal?
- >> Am I spending too much of my investable assets to achieve my goal?

So how do we keep you from peeking on your 3-footers? Successful financial management is a process. It's not about forecasting market tops, how the market will respond to 9.1% unemployment, Libya, or gold at \$1,542 an ounce. The process is:

- >> Establish goals and priorities.
- >> Eliminate manageable risks (security concentrations, too aggressive or too conservative asset allocations, unsustainable spending percentage over the long term).
- >> Manage tax burden through strategic gifting, both charitable and to children.
- >> Rebalance to target asset allocation.

>> Life happens. Even the best of plans can take an unexpected errant bounce. Maintain discipline and poise when those about you are losing theirs.

Bobby Cole's calm demeanor and quiet confidence sorting through my putting afflictions were reassuring. The prescription for success was clear to him, my commitment to process was not. Had his fellow South African Goosen accepted bumps along the way and committed to process, he may have won another U.S. Open.

Tips from a veteran of the Professional Financial Advisors Tour:

- >> Pick a target.
- >> Make sure you're aiming at the target.
- >> Find a professional to provide input on your stroke.
- >> Trust your stroke.

And one last piece of advice: I went to Jim McLean's school in April 2010 and just now have incorporated the putting tips into my routine. Don't wait a year to take the advice of an expert.



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